WEEKLY ECONOMIC REVIEW

December 14, 2007

Alberta's housing market continued to cool in November. Annualized housing starts were down 24.6% from the same month in 2006. In the Calgary area, year-over-year housing starts were down 48.2%. Multi-family starts plunged 76%, while single-detached starts continued their steady decline, falling 18.6%. The trend was similar in Edmonton with housing starts down 42.1% due to big declines in both multi-family (-48.5%) and single-detached starts (-30.4%). On a year-to-date basis, Calgary housing starts are down 17% while Edmonton sits at 0.1% growth.

New housing prices in Alberta have been leveling off in recent months and the trend continued in October. Housing prices grew only 0.1% between September and October 2007 although they are up 13.6% from October 2006. Slowing migration and large inventories of homes have lead to the slowdown in prices.

Nationally, Canadian housing starts declined slightly amid concerns of spillover from the U.S. housing slowdown. In November, starts were down 0.5% compared to the same month in 2006. Also, new home prices in Canada were basically unchanged from September, growing 0.1% in October.

Manufacturing sales in Alberta were down 0.6% in October from September. Compared to the same period last year, sales are up 2.0%. Canadian manufacturing sales were stable in October, rising 0.1%. Since October 2006, national manufacturing sales have risen 1.5%.

Cdn Dollar (US¢/CS)

December 14, 2007	98.60
December 7, 2007	99.47
2007-08 YTD	96.05

WTI Oil US$/bbl

December 13, 2007	$ 92.25
December 6, 2007	$ 90.23
2007-08 YTD	$75.96

Nymex Natural Gas CS/MMBtu*

November Contract

December 14, 2007	$ 7.20
December 7, 2007	$ 7.31

*Estimate based on Nymex Futures Market Price

As expected, the U.S. Federal Reserve cut its key interest rate 25 basis points to 4.25%. Slowing growth due to the housing downturn and recent financial market turmoil were the main drivers behind the Fed's decision to cut rates. Possible inflation associated with higher energy and commodity prices prevented a cut of 50 points, which some had predicted.

In an additional monetary policy move, the Federal Reserve and four other major central banks, including the Bank of Canada, announced temporary programs to inject liquidity into financial markets. The programs will enable depository institutions to borrow from central banks at lower rates than usual, with the objective to ease the credit crunch.

U.S. inflation rose to an annual rate of 4.3% in November. Energy and food prices continued to be the main contributors to inflation.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Housing Starts (000s)[2,3]	**November**			
Alberta	42.6	-7.2	-24.6	-0.6
Canada	227.9	0.1	-0.5	0.6
Manufacturing Shipments (Millions)[2]	**October**			
Alberta	$5,522	-0.6	2.0	1.1
Canada	$50,183	0.1	1.5	1.2
New Housing Price Index (1997=100)	**October**			
Alberta	254.9	0.1	13.6	24.9
Canada	155.7	0.1	6.1	8.1

Source: Statistics Canada. [1]Year-to-date 2007 compared to the same period in 2006. [2] Seasonal adjusted [3]Annualized rate